

## COLORADO

Law	Special Fuel Tax, Article 27, Part 2, beginning at Sec. 39-27-201; Sec. 39-22-516 (income tax).
Definitions	<p><b>Special fuel:</b> diesel engine fuel, kerosene, liquefied petroleum gases, and natural gas used to propel a motor vehicle on highways. [Sec. 39-27-201(8)]</p> <p><b>Alternative fuel:</b> includes CNG, LPG, electricity, clean diesel, reformulated gasoline. [Sec. 25-7-106.8(1)(a)]</p> <p><b>Clean-burning alternative fuel:</b> natural gas, liquefied petroleum gas, alcohol fuel mixture of at least 85% ethanol or methanol, electricity. [Sec. 39-22-516, for income tax purposes only]</p>
Tax Rate	20.5¢ per gallon for special fuel, LPG, natural gas 22¢ per gallon for gasoline 17¢ for gasoline blended with denatured alcohol. [Sec. 39-27-102]
Tax Breaks	None.
Exemptions	Farm vehicles, farm tractors, and vehicles or construction equipment used on construction project sites. [Sec. 39-27-202(2)(a)]
Gasohol	No definition found.
Special Provisions	For vehicles powered by liquefied petroleum gas or natural gas, annual license tax in lieu of special fuel tax, with the following fees: \$70 for vehicles up to 10,000 lbs. GVW; \$100 for vehicles up to 16,000 lbs.; and \$125 for vehicles over 16,000 lbs. [Sec. 39-27-202(3)(b)(5)(a)] Decal evidences tax payment.
Income Tax	Credit allowed for tax years beginning on or after 7/1/98 and until 6/30/06. Credit equal to the incremental cost difference between alternatively fueled vehicle and a traditionally fueled vehicle OR the cost difference of replacing an existing power source with a source using alternative fuel, OR actual conversion cost. However, credit is limited by the tax year for which the credit is sought as well as the level of emissions of fuel chosen. Vehicle

must be used in connection with business. Only one credit per vehicle, and credit is not available for vehicles required to meet the Clean Fuel Fleet program. [Sec. 39-22-516]